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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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(Summary of an address delivered by Jesse W. Tapp, President of the Federal Surplus Commodities Corporation of the United States Department of Agriculture, before a meeting of the National Association of Bedding Manufacturers held December 2, 1938, at 608 S. Dearborn Street, Chicago, Illinois.)

I am glad to take advantage of this opportunity today to discuss with you some features of the cotton producers' problem. Certain proposals for dealing with the situation, or one aspect of it, are of special interest to members of the National Association of Bedding Manufacturers.

At the beginning of the 1938 cotton year on August 1, there were 25,500,000 bales of American cotton on hand -- enough to supply probable world consumption for two years -- and the prospect that the foreign supply for the current season may be greater than the record supply of 1937-38.

Increased textile mill activity may be expected as a reflection of increased domestic business activity, but a large surplus of cotton will still remain. Over 9 million bales of cotton have been placed under Federal loans to cotton producers. Exports thus far this year are over 900,000 bales short of the quantity exported at this time a year ago.

It has been suggested that when there is a surplus of American cotton or other agricultural commodities that surplus should, if possible, be used for the benefit of the American consumers. This means the expansion of domestic utilization of cotton. The idea of expanding domestic markets is a good one and many suggestions have been made as to how this should be done with respect to cotton.

Additional domestic use of cotton which would account for a substantial share of the surplus is desired by everyone and would be very encouraging, since it would show that some headway can be made

in the direction of utilizing agricultural surpluses.

The mattress industry offers one use of cotton which could serve to an extent in solving the problems the cotton industry now faces. In the past very little cotton has been used as mattress filler because of the availability of cheaper materials. However, because of the relatively small amount of manufacturing required in the making of mattresses, the cost of raw material constitutes a much greater factor in the selling price of the finished product than is the case with most cotton articles. For that reason low cotton prices might induce a larger utilization of cotton in this field.

We have given considerable study to the problem of mattress manufacture and have discussed the problem with individuals and groups representing the industry. It appears that some of the major interests of the mattress industry, of the Government, and of cotton farmers themselves are similar; consequently, it seems that a sound cooperative program could be worked out.

We are advised that the mattress manufacturing industry has urged the passage of state laws to prevent the re-use of old and filthy materials in the manufacture of mattresses. It seems obvious that the industry in this effort wishes to obtain the benefits of improved demand which would result from greater confidence in their product on the part of the consumer and the elimination of competition which the better manufacturers using clean new materials can not meet. Federal laws covering materials used in the manufacture of mattresses to be shipped in interstate commerce are also desired by the industry, I understand.

The Federal government is interested in public health and in finding increased outlets for agricultural commodities. Cotton consumption would be increased whether the industry uses raw cotton or new cotton linters as a mattress filler.

A point of great concern to the industry is that numbers of people in the very lowest income groups do not buy mattresses. The use of ticks filled with straw or corn husks in place of mattresses is a common practice among the low income groups, particularly in rural areas. Some unpublished consumer studies show that annual expenditures for all cotton household articles average only \$1.25 a year for families receiving an annual income below \$500.

Obviously, such expenditures cannot include a very large allowance for the purchase of mattresses.

The many people on relief are not in a position to buy mattresses. If these agricultural surpluses are going to mean anything in bountifulness to American consumers, some means must be found by which they can be made available to consumers in useful form.

During the past several years the Federal Surplus Commodities Corporation has been buying some of our agricultural surpluses and donating them to State agencies for relief use. The Works Progress Administration has manufactured cotton mattresses for distribution to persons on relief.

When these projects were first undertaken, private distributors expressed the belief that they would interfere with regular sales. Actually such difficulties have not been of broad importance. It appears well demonstrated that relief families will consume more if they can get the commodities to consume. The distribution of

mattresses has been very limited from the viewpoint of potential outlet. There were none available for distribution following the recent hurricane in New England, the last of supplies for such purposes having been exhausted following the Ohio flood of 1936.

So far as the manufacture is concerned, the free distribution of commodities and products has two aspects. From one point of view it can be argued that distribution may interfere with private sales to some extent. Manufactured articles, such as mattresses, last for a considerable period, and it might follow that giving a mattress to a family on relief now might make purchase of a mattress unnecessary at some future time when the family had an adequate income. On the other hand, people frequently form the habit of doing without an article they cannot afford, and may continue that habit throughout the years. Thus, if mattresses are distributed to people who have never used them, the use of proper bedding will probably be encouraged and makeshift substitutes are more likely to be discarded in the long run.

No very large distribution program could be carried out on the basis of mattresses manufactured in work relief projects. If any important quantity of cotton products were to be distributed through relief outlets, it would be necessary for the Government and the industry to work out a cooperative program under which mattresses would also be made by the regular manufacturers, presumably from material supplied by the Government.

In addition to determining the number of mattresses which could advisably be distributed in this manner, consideration should also be given to the period of time that should be allowed for the manufacture of mattresses and the specifications for manufacture.

The output of the industry is seasonal in nature, and therefore sufficient time should be given for making deliveries to permit the mattresses to be manufactured in the off seasons. It may also be possible to encourage constructive trends in manufacture by developing proper specifications for any mattresses to be manufactured for relief distribution..

Besides the need for mattresses for relief requirements, there should be outlets through the regular mattress requirements of Federal and State governments, as was pointed out in a meeting held in Washington November 11 on the utilization of surplus cotton for mattresses. The Federal government has a large requirement for mattresses in the army, navy, marine corps, hospitals, and prisons. State governments also need them for prisons, asylums, and other institutions. The aggregate need of relief and various governmental agencies would supply a substantial outlet for surplus cotton. With a surplus on hand and millions of people still unable to find work, it may be an opportune time to replenish the mattresses used in various branches of government services.

Another factor worth considering is the distribution of mattresses through regular channels of trade. We know that cotton is not used customarily as filler material. This fact is obvious when we consider cotton prices and the prices at which some of the cheapest mattresses sell.

If, however, cotton were made available for manufacture into mattresses at a lower price, it should be possible to turn out a substantial finished product which would command consumer confidence and still would be available at a price that would encourage increased purchases.

As a result of recommendations made by those attending the November 11th conference in Washington, two committees have been formed

to work with the Department of Agriculture in studying these problems. One is headed by Mr. Lew Hahn, manager of the National Retail Dry Goods Association. This committee will examine the problem of disposing of mattresses and other cotton articles through regular trade channels and will also estimate the number of cotton mattresses which might be sold through various retail agencies at certain prices.

If, for example, it is found that a large number of mattresses could be sold at \$5 each, then it would be possible to determine at what price cotton would have to be available in order to permit sale of the finished product at this price. This committee also will consider the promotion of sales through advertising and other promotional programs.

The second committee, under the chairmanship of Dr. Claudius Murchison, president of the Cotton Textile Institute, will consider the feasibility of disposing of part of the cotton surplus through civil and military governmental agencies and through relief channels.

Because mattresses constitute probably the cheapest form in which large quantities of cotton can be turned into consumer articles, it seems advisable to start the investigation of new domestic uses for cotton within this industry.

We hope early in the new year to be able to determine the quantities of surplus cotton which might reasonably be moved into domestic consumption in addition to quantities consumed in normal uses.

Although any program will depend necessarily upon favorable action by Congress, it should be worthwhile for the industry and the Department of Agriculture to develop a sound and constructive program which might result in the disposal of an appreciable share of of the cotton surplus.

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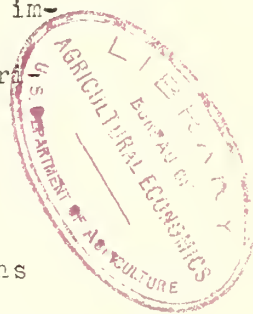
CROP SURPLUSES AND DISTRIBUTION

Address by Jesse W. Tapp, President, Federal
Surplus Commodities Corporation, at the Conven-
tion of the National American Wholesale Grocers'
Association, Chicago, Illinois,
Tuesday, January 24, 1939, at 2:00 P.M., C. S. T.

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I am glad to have this opportunity to take part in the discussion at a session of the convention of the National American Wholesale Grocers' Association. You, who are at the very center of distribution, stand in a strategic relationship to our basic farm problems. The Department of Agriculture understands the importance of this relationship, and it also appreciates your difficulties, as well as those of the farmer. It wishes to cooperate with you both in your efforts to improve the marketing system, and in getting the largest possible distribution of farm products. The Department in the activities which it undertakes, also looks to you both for help.

There has been a great deal of discussion lately of suggestions regarding possible ways of increasing domestic consumption of food-stuffs, especially among our low-income groups. At the very outset of this talk with you I want to try to clarify some of the misunderstandings which have been apparent in this discussion.



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Abundant supplies of most of our farm products, resulting from the big production of the last two years, have naturally brought discussion of possible means of disposing of the surpluses. One group of suggestions has concerned forced expansion of exports or dumping in foreign markets; other suggestions have had to do with increased distribution and use here at home, especially among the lower-income groups. These "home consumption" suggestions have had a distinct popular appeal. Any progress along this line would serve the double purpose of relieving the producer's surplus problem and at the same time of meeting the food requirements of our own people. The result has been a certain amount of thinking and of speculation which has possibly been misleading.

There is no over-night solution of this very important problem of greater domestic consumption of certain foods, particularly those which can be classed as health-giving, protective foods. There is no magic formula or plan by which such a goal can be reached at once. Rather, the solution must be reached through the fullest cooperation of all groups and elements in our economic society who are concerned directly or indirectly with the growing and handling of foodstuffs.

The Department of Agriculture is working on this broad problem. It hopes to develop and to present sound suggestions from time to time regarding various approaches which might be used in seeking wider distribution. But we must not lose sight of the fact, which I have already mentioned, that it is a task for all of us working together.

I have sensed a feeling of concern on the part of some groups as to possible steps which the Government might take in trying to bring about greater consumption of food products by the under nourished

portion of our population. It would perhaps be appropriate here to say that the best insurance which distributing groups might obtain with respect to wise governmental action in this field would be positive and constructive action on their part in finding ways of dealing with this problem.

Broadly, the farmers' problem is everybody's problem. Much of business rests on agriculture, and those of you who handle agricultural products, either in raw or in processed form, are very directly concerned with the welfare of our farm producers and the relationship between production and consumer demand. Farmers and distributors alike want large volumes of sales. Neither group can depend on abnormally high prices or abnormally high charges to offset insufficient volume of business.

There is general agreement today that increased farm income is a national need, and some discussion of the general farm situation and of the broad phases of the national farm program seems appropriate in our discussion here today. Efforts to increase farm income are, of course, not limited to the direct approach of surplus removal or increased distribution activities.

For many years our farmers had a growing market at home and abroad and did not need to bother too much about distribution. They could safely concentrate on production. Today, with farm producing power much too great for the present market, and with no immediate chance of getting the two entirely in balance, the farm problem is basically a problem of getting our crops into consumption in domestic or foreign markets. Needless to say, the distribution trades, though they can

help toward this end and their cooperation is absolutely essential, do not themselves command a complete solution. It is a job which calls for sincere teamwork and mutual effort all along the line.

Commonly we think of distribution too narrowly. We distinguish it rather sharply from production, and regard it as consisting chiefly of the mere handling of commodities or in the simple movement of them from one place to another. Considered in this light, the distribution process may sometimes arouse more antagonism than sympathy. Consumers are likely to ignore the services involved and to dwell heavily on the costs. Actually, distribution includes services fully as necessary in their way as the work the farmer does on his land. The effort of the farm producer must be supplemented by the contribution of the distributors who complete the job of placing usable commodities in the hands of the ultimate consumer. But these agencies, like the farmers themselves, cannot create a market out of thin air. When stocks pile up and the demand fails, the distributors and farmers have a common problem, the roots of which lie deep in social and economic maladjustments.

Most of you know something about the Federal Surplus Commodities Corporation. You probably expect me to discuss its problems and procedures, and I shall do so, but I want to point out the fact that the activities of the Corporation tie in with other programs of the Department of Agriculture. They have an important direct connection, for example, with crop adjustments under the AAA, with marketing agreement work, and with the efforts of the national Government to broaden our foreign trade through reciprocal trade agreements.

There are no separate problems of production and of marketing. Fundamentally, there is one common problem of adjusting supply to demand through crop adjustments, efficient marketing, and action to increase the buying power of consumers at home and abroad. Action along any one of these lines can be fully effective only through parallel action along the other two. If I were to discuss the work of the Federal Surplus Commodities Corporation by itself, and without recognizing the broad national efforts to adjust farm production and raise the buying power of consumers, I should be giving only a one-sided story.

We face a more or less permanent problem in the adjustment of farm production to demand. The sources of this problem are the growing productivity of agriculture on the one hand, and the tendency of the market to bog down on the other. Between 1910 and 1930 agricultural production per worker in the United States increased about 41 percent. There was a corresponding increase in the market between 1910 and 1920, but not between 1920 and 1930. On the contrary in the latter period the market, particularly for the export products, declined, and the decade closed in general depression at home. The conflict in agriculture between the powers of production and the limitations of the market was plain to everyone.

In 1937, following a series of drought years, our farm production was the largest in the 19-year period covered by the Government's records. Production of fruits, vegetables, truck crops, cotton, cottonseed, and poultry products topped all former

figures. There was a record crop of cotton, and large production of grains and meat animals.

While complete data are not available for 1938, in all probability the index of production will be down only a little, if at all, from the 1937 level. In fact, acreage and production of truck crops for fresh market shipment this past year have exceeded all previous records. Our farmers have supplied the wants of the domestic population and have also produced considerable additional quantities for export.

Let us turn now to the market for these products at home and abroad. Basically, the market for agricultural products depends on the national income, which for 1938 was about \$66,000,000,000 as compared with nearly \$80,000,000,000 in 1929. With millions unemployed, with large numbers of wage earners in receipt of very low incomes, and with an important segment of the population on relief, the domestic market for farm products is subnormal.

Another influence to be considered is the fact that the growth of our population is slowing down. The domestic market now requires only about half as much annual increase in farm production as it required 10 to 15 years ago. Only a small increase in our harvested acreage will be necessary to provide for the probable future increase in population.

As is well known, American agriculture grew up to supply the world market as well as the home market. In years of normal weather it has a production capacity for possible exports which

heavily exceeds the present foreign demand. Our exports of agricultural products have decreased almost steadily since 1926, though there was some recovery in the fiscal year 1938. The surplus problem is with us still. Purchasing power is low in foreign countries. Barriers to foreign trade cause the export surpluses to pile up in storage.

It is, moreover, a mistake to think that we can split agriculture in two, and deal with the export surpluses independently of the crops produced for consumption at home. When the export crops hang back, prices drop for the entire farm output. Low prices for cotton and wheat soon mean low prices for dairy products, fruits, and vegetables. Farmers shift from production for export, to production for domestic consumption, and all products soon come on the bargain counter. True, the export crops are in the worst position; but the prospective supplies of dairy products, livestock, poultry and vegetables are likewise larger and prices lower than in several years.

Thus the problem of distribution at home ties in with the problem of distribution abroad. It makes a situation that calls for the intervention of the Government. Most people who object to what the Government is doing now do not suggest that the Government should do nothing. In fact, the best-known current counterproposal would involve the Government deeply in price regulation, and saddle it with responsibility for the disposal abroad of still larger surpluses. This proposal is simply that, instead of trying to adjust production through agreements with farmers, the Government should let production take its course, fix high prices for the commodities sold domestically, and dump the rest abroad.

I do not want to discuss this proposal now, but merely to point out that most critics of the existing programs do not think^{the}/Government should withdraw entirely from the task of raising the farm income. They simply suggest that it resort to price fixing and foreign dumping, though this would not be simpler than the present system of acreage allotments, soil conservation, marketing quotas, and price-adjustment payments. They differ with the administration mainly on one point. They believe that surpluses could and should be dumped abroad indefinitely. The administration believes that attempts at wholesale dumping would cause foreign countries to raise their tariffs still higher or to exclude unwanted supplies through stiffer quotas and even embargoes. Then our surpluses, largely increased in volume, would smash the domestic farm-price structure. Price-fixing at home could not work if the export surpluses remained on hand. Even if it would work, any extensive program of export dumping would mean penalizing our own consumers and subsidizing foreign consumers, and it would most certainly mean detailed Government regulation of the business of marketing.

The real hope of the farmer however is more domestic consumption. Pending a recovery in national income and industrial activity, an important part of the Government program to meet this need is through direct aids to consumption, in which category come unemployment relief, public works, and surplus diversion. Progress in the last named field must depend considerably on the cooperation of producers, distributors, and consumers. It is important that increased distribution should be brought about in cooperation with the established marketing agencies, both cooperative and corporate,

rather than in competition with them, and in a manner that will strengthen and support the marketing system. The aim is to synchronize marketing with available supplies without disastrous effects upon prices and farm income.

For example, the Federal Surplus Commodities Corporation tries to harmonize its purchasing with the marketing agreement programs of producers, processors, and distributors. This covers purchases for relief distribution and also purchases for diversion into new uses and new markets. Committees of growers help, especially in synchronizing the relief and diversion programs with normal marketing. They learn the futility of merely sporadic efforts and plan for continuous action. They promote grading, inspection, and other good practices, study the wants of different areas, and avoid the shipment of commodities from one surplus area to another. They try to make sure that surplus diversion will be an actual net addition to the total sales. This takes careful integration of the ordinary with the special marketing, and brings growers and distributors into close collaboration with the official agencies.

As a step toward seeing how surplus diversion may aid distribution, we may consider the main principles that guide the Federal Surplus Commodities Corporation. There is a two-fold objective -- to relieve farmers to some extent from the burden of their surpluses and to make agricultural surpluses available for the relief of the distressed. We have noticed that congestion in the export lines, which causes shifts in farm production, leads to congestion also in fruits and vegetables and in livestock products such as

meat, eggs, and dairy products. Conversely, relief in these lines from the pressure of production on the market eases the strain in the farm export branches. Moreover, dairy products, meats, and fruits and vegetables are the commodities that can be most readily moved into greater consumption domestically. We do not have more of them than the people actually need. They pile up as surpluses merely for lack of buying power or dietary knowledge on the part of consumers. Wage payments, relief payments, and relief distribution are ways of supplying the deficiency.

We can all agree, of course, that surplus diversion should not be handled so as to hinder efforts to stimulate consumption through normal trade. The F.S.C.C. acts only when surpluses develop. Sometimes the Corporation buys on the commodity exchanges, or in the terminal markets through contracts with processors or packers. It purchases butter on the exchanges, because that is where butter prices are made. More commonly, however, it deals directly with the growers or their cooperative organizations. This procedure brings it into contact with the farmers, gives them information about needed improvements in marketing, stimulates commodity grading and puts the surplus diversion dollar where it will do the most good.

In the period July 1, 1937, to June 30, 1938, the Federal Surplus Commodities Corporation purchased 41 different surplus agricultural commodities in 46 states for distribution through welfare agencies to persons on relief. These purchases involved an expenditure of \$48,400,000. The Corporation distributed the supplies in addition to the food supplies and other relief that needy families were already receiving from other sources. Otherwise the operation

would not have been surplus removal! Surplus diversion would not be practicable or necessary if the relief groups were already well fed; or if other consumers could purchase the surpluses. Mainly, therefore, the Corporation adjusts its purchases to the surplus situations.

It buys only the amounts necessary to improve marketing conditions and prices to growers. It does not try to fix farm prices, or to raise and hold them much above the natural market level, but enters the market only in emergencies. Sometimes the purchase of quite small quantities suffices to relieve a distressed market. Invariably the Corporation specifies sizes and grades that will meet commercial requirements. In this way growers learn desirable marketing practices and develop means of increasing their sales permanently, and of tapping new distribution outlets.

As I mentioned earlier in this talk, there has been a lot of discussion lately of the possibilities of increasing the consumption of food products by our low-income groups. The Department has announced that it intends to see what can be done in a small way under the present farm act, and it is considering a number of suggestions made by dealers, trade organizations, and others by which constructive plans might be carried out through the existing trade channels.

In some way or another we must have more consumption domestically if the farm surplus problem is to be solved; but to bring this about consumers must have more income, or we must find ways of stretching out their present buying power, especially for those of the low-income groups. Perhaps one of the most constructive ways of expanding food consumption which has been put

forward is through the widespread provision of well-balanced luncheon programs in schools, particularly in the low-income areas of our cities, and even in many rural sections where lack of knowledge and poverty are accompanied by widespread malnutrition among the children. Certainly such a program would merit the full support of all private and public agencies interested in the health and vigor of the oncoming generation temporarily affected by adverse economic and social conditions. In our surplus commodity distribution programs we are finding an increasingly important outlet in school lunches, where surpluses of essential food products are used to supplement the inadequate diets of undernourished school children.

There is also an opportunity, quite apart from any special pricing, in special low cost methods of distribution. Wholesalers might look further into this with advantage. Manufacturers have learned to tap different income groups; they offer a range of services and qualities at different costs. Agriculture is backward in this respect, perhaps because the farmers are not sufficiently in touch with the distributors or consumers. The ordinary separation of commodities into grades and sizes is not enough. There should be systematic, permanent, and widespread efforts to make certain commodities available with less than the usual amount of intermediary services and costs.

Consumers in the higher-income groups demand complicated and expensive services from the distributing agencies. They want fancy packaging, slicing, and wrapping. They want frequent deliveries. They want elaborate related services. All these things cost money. Moreover, the higher-income groups demand and can pay for higher quality products. Increasing attention must be given to the possibility

of selling satisfactory foods less expensively serviced at lower prices.

Along with this possibility for increasing consumption through new types of distribution, we ought to consider the possibility of having more flexibility in distribution costs. On the average, the American farmer gets from 45 to 50 percent of the consumer's food dollar. The rest goes to transportation agencies, processors, and wholesale and retail distributors. Farmers get a smaller proportion of the consumer's dollar than they got before the war. This does not prove extortion; it may reflect higher wages or increased values added to the commodity in processing and distribution. But perhaps the charges could and should vary more with supply conditions.

Frequently, the supply of certain farm commodities is so large that price declines cancel the farmer's return, and leave only enough to pay for distribution. The inevitable farm response is waste. This situation naturally suggests the possibility that processors, handlers, and railroads might be able to reduce their charges to a point where the crops could reach consumers, and the farmers could get at least something for their labor. Higher charges would be appropriate in more normal seasons. Such flexibility in marketing costs would be difficult to work out on a broad scale. An interesting experiment in this field is now being tried with this year's record citrus crop, through the voluntary cooperation of the handlers of the crop. Citrus fruit this year is so plentiful that no further reduction the farmers could make in their prices would mean anything to consumers, but lower distribution charges may increase the consumption materially and allow some return to the producer.

This is not an appeal to philanthropy. Handlers, processors, and distributors have their troubles like other folk. They have to live with stern competition. As producers of consumable values, they have a right to a fair return; moreover, without it, they cannot continue to function. Many farmers and consumers believe that processors, wholesalers, and retailers charge too much, but the business mortality among them suggests that only the very fit survive. There is no doubt, however, that our marketing system could be improved in such a way as to reduce the spread between country and city prices and stimulate consumption. Studies in the Department of Agriculture and other agencies show that in many cities the marketing facilities are old, and have undergone little change in 50 years or more. Meantime the population has increased, new methods of transportation have developed, and both production and consumption have changed tremendously.

Perhaps also with some commodities the increasing volume of distribution warrants some decline in the average unit charges. I am not speaking now of flexibility in charges as between seasons of glut and seasons of shortage, but of the average mark-up. Normally, in factories as well as on farms, costs decline when the volume of production increases. Why should the same principle not apply to distribution? Farm commodities like citrus fruit and certain vegetables have increased enormously in production of recent years. It should be possible to market the increased volume with a smaller per-unit mark-up. That would be a direct inducement to consumers to expand their consumption. If the trade could move the increased volume through reductions in handling charges all along the line, there could be lower prices to

consumers, some return to producers, and a larger volume of business and possibly even increased net returns to the transportation agencies and handlers. In the distribution services, with their dependence on uniform and customary charges, the usual mark-ups may no longer reflect properly the costs or develop fully the opportunities of marketing. This question also would seem to deserve careful consideration by distributing agencies.

Action along this line could be tied in with consumer-education as to the supply, the relative prices, and the dietary values of different products. Diets of families of employed wage earners and of low salaried workers are often very inadequate. Even among urban families with enough income, many do not get a good diet. Out of every ten families that spend enough money for a good diet, only 2 to 4 families actually select good diets. More consumer information and consumer service can help greatly to correct this situation, particularly if backed with special marketing programs. There have been a number of experiments in which food retailers have cooperated to push the sale of particular crops. Within the last 3 years about 30 major agricultural crops have had support of this type. In a study of the results the Department of Agriculture has found that some of these campaigns were successful in moving surplus crops into consumption. Both farmers and distributors appear to have benefited.

Some products responded better than others. The grapefruit drive of 1937 succeeded notably, partly because of the character of the commodity. Sales of grapefruit by two major chains doubled during the campaign. Efforts to increase the sales of beef by special

advertising and special prices succeeded well in 1936. In August 1936, the month of the campaign, chain-store sales of beef out of a big supply were 59 percent greater than in the corresponding month of the previous year and nearly double those of August 1937. There was a successful sales campaign for dry beans in 1938. On the other hand, attempts to increase the sales of eggs in a special campaign in 1937 appear to have met with much less success.

These retail campaigns do best when supplies are large and prices low. Usually they feature additional price concessions made possible through lower margins. Agriculture as a whole, of course, cannot benefit merely from the diversion of consumer purchases from one food product to another. But special campaigns can relieve groups of producers who are in especially unfavorable situations. There are some cautions to be observed. Commodities should not be pushed that do not need special assistance. Consumer campaigns should not be too frequent. They should rest on actual inducements to increased consumption rather than merely on colorful advertising.

All of these considerations emphasize our need for efficient distribution. We must not tolerate backward steps. Consumption in many lines would expand automatically if all our people could be quickly reemployed at good wages. Even then, however, it would be important to keep the costs of distribution low and to provide means of bringing about full consumption of foods by the lower-income groups.

Naturally, we cannot expect an easy panacea. Improvements just in marketing cannot make production and consumption balance, or keep up prices in the face of gluts. Agriculture has surplus capacity;

it has a continuing need to adjust new supplies, to keep the costs of production low, and to maintain a good balance among the different crops. Full speed ahead, with all available farm land, labor, and capital in total use, may not be possible again for many years -- certainly not without a great increase in the demand for farm products, and a great increase also in the power of industry to absorb rural population and keep the farm manpower from being excessive.

Such facts, however, do not lessen the importance of good marketing; they increase it. They challenge us to find or develop new markets for farm products, and to deal through marketing controls with the surpluses that still accumulate. The only way is through increased cooperation among growers, processors, distributors, and public agencies.

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